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1915
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THE NEW TAXES

S P E E C H

DELIVERED BY THE

Right Hon. SIR WILFRID LAURIER

P.C., G.C.M.G., M.P.

(LEADER OF THE OPPOSITION)

In moving Amendment to the Budget Resolution, in the
House of Commons, on March 10th, 1915.

**"An additional duty on British goods is a
blow to British trade."**

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Speech of the Rt. Hon. Sir Wilfrid Laurier

IN THE HOUSE OF COMMONS

MARCH 10th, 1915

ON THE PRETENDED WAR BUDGET

"Mr. Speaker, I rise for the purpose of summarizing the arguments which have been presented on this side of the House, on the subject now before us, and to present my views upon it in as concrete a form as possible. When at the opening of hostilities in the month of August last the Government announced that it had offered the services of Canada to the Government of Great Britain, if these services should be found useful, we on this side of the House, His Majesty's loyal Opposition, the Liberal party of Canada, declared at once that to this policy we would offer no objection, but on the contrary that we would give it loyal support. To that engagement, then announced, we have been absolutely faithful. We would have deemed it contrary to our dignity and to our duty if we had at that moment, by word or deed, in any way impeded the Government in the heavy responsibility it had assumed.

"But it would be equally contrary to our dignity and to our duty were we to fail to point out most seriously, the laches and deficiencies which mar the resolution introduced by the Government, as it asserts, in consequence of the War, but, as I believe, only under colour of the War. (Applause.)

Responsibility in War, as in Peace

"The attitude which we have assumed has in some quarters been animadverted upon in rather severe language. To the objections which have been urged against our course I for my part cannot pay any respect. The view represented by these objections, if it were to be adopted, would constitute a very serious stricture upon parliamentary institutions. It would mean that parliamentary institutions, while good enough in time of peace, would have to be discarded in time of war. It would mean that the Government, which in time of peace under our system, should be kept under rigorous observation, in time of war should be given an absolutely free hand. It would mean that the Opposition, which in time of peace has the right to approve or disapprove, to oppose or to consent, would in time of

war be inhibited from any criticism, even though wrong were to be rampant under our eyes. I have not so read parliamentary history. If the War with Germany had been wrong in principle, if it had been causeless or purposeless, if it had been without justification, we would have been ready to so express our opinion.

The Attitude of the Liberal Party and Why

For that course there are abundant precedents. There is the precedent of Charles James Fox, who in 1800 severely blamed William Pitt for rejecting the peace overtures of Bonaparte. There is the precedent in almost our own day of John Bright and Richard Cobden criticising and condemning the war of the Crimea, representing it as useless if not criminal—a judgment which, by the way, has been pronounced by history to have been absolutely correct. (Applause.) Here the case is different. We were of the opinion that Great Britain was supremely in the right; that she was engaged in a war the most sacred that she has ever waged. Being of that opinion, we did not hesitate to give to the Government our adherence when it proposed that Canada should bear her share in the War. To that course we have been absolutely true. (Prolonged applause.)

Kept Truce under Provocation

“We went further: Not only did we give our support to the Government, but we thought it would be more in accordance with the fitness of things that we should refrain even from discussing those domestic problems which always divide a free people.

No Party Literature

“In so far as I had command of my party, I gave directions that no literature coming from a source which I could control should be of a party character. That injunction has been reasonably well fulfilled, and it has been fulfilled under great provocation, because, as a matter of fact—as was stated the other day by my hon. friend the member for South Renfrew (Mr. Graham)—every week from the official bureau of the Conservative party torrents of the most controversial kind of literature have been issued. (Cheers.) It came to such a point that in the month of December one of my friends brought me a whole batch of such literature and asked me with some indignation: ‘What are you going to do?’ After having looked at it, I said to my friend: ‘It seems to me that the Conservatives are more partisan than patriotic; we will show them that we are more patriotic than partisan, and we will not change our course.’ We did not change our course. (Prolonged cheers.)

Our Duty

"It would not follow, however, and certainly it was never intended by me nor by any of those who sit around me that, when we were summoned to Parliament and called upon to pass judgment, to sanction or not to sanction the measures brought down by the Government in consequence of the War, we were to abdicate our judgment and to sit here as recording machines, simply to register the decisions of the Government. We are still of the opinion that the War is the supreme issue; but if we believe that in the method of carrying on the War, in the policy proposed by the Government, there be errors of judgment or otherwise, then it is our imperative duty to cry, 'Halt;' to show the mistakes, to point out the true course, and to use every endeavour to prevent the mistakes from being carried into effect. When we come to matters of this kind, it is always well to refer to England, where parliamentary government is certainly better understood than in any other part of the world." (Applause.)

The Situation in Great Britain and Canada

"The situation in Great Britain is exactly the same as in Canada. There the duty of the Government and the rights of the Opposition have been again and again discussed, and the judgment of the country has sanctioned the course pursued by both parties. It may be well here that I should quote in this respect an article of great authority, published in the Saturday Review, giving opinion upon the very question which exists in England as it exists here to-day. I commend to the House the following language:

"The brilliant speeches of Lord Curzon and Lord Selborne last week will help to remind the Government that the right of criticism and inquiry is claimed in war time as well as in peace. It would be quite fatal to the Parliamentary system if this right were for a moment in question. It would reduce our political system to absurdity if the duty and function of an Opposition automatically ceased whenever the Government of the day was called on to grapple with a big and critical problem. In time of war, as in time of peace, it is the duty of the Opposition to watch constantly and jealously the men to whom the task is given of employing to the best of their ability the resources and wisdom of the country. In time of war this task mainly resolves itself into finding the right men for the work in hand, and in securing that they shall have all the support they require in material and in authority

"The Opposition must consider itself as deputed to guard against any wasting of the nation's manhood or treasure. Should the Opposition become aware of, or should it reasonably suspect, incompetence or bad faith in any responsible minister or in any political group, it is its duty to speak out and call the accused to a strict account. Such action has nothing to do with party politics

"The Opposition cannot surrender its right of criticism and thorough inquiry into such matters as these without grossly failing in its duty to the country

"An Opposition in war time must not be factious, but it must be watchful, critical

"The Opposition is bound to reserve to itself the right to question the Government, to watch closely and perpetually its political conduct of the War, to express any misgiving or disagreement it may feel frankly and distinctly."

"To this I may add the comment of a paper published in this city, a paper which is not unfriendly to the Government; I refer to the Evening Journal. In its issue of a recent date we read:

War and Party Politics

"Australia and New Zealand have had general elections since the War broke out, and some of our Canadian papers are pointing to these as illustrating the fact that domestic politics do not need to be suppressed in war time. Would it not be better to look to the view of both parties in the Mother Country? When the Imperial Parliament met in November, 'This,' said Premier Asquith, 'is not a proper time for dealing with any matter of domestic politics,' and the view he thus expressed was taken willingly by both sides. Practically the whole attention of the House was devoted to the War and matters arising out of the War.

"A fine example of the surrender of party to patriotism was given by Mr. Austen Chamberlain when, with the approval of the leader of the Opposition, he accepted Mr. Lloyd George's invitation to co-operate with him in making the Budget proposals as workmanlike as possible. These proposals were not such as he himself would have submitted, but once they were laid before the House he consented, without prejudice to his own views, to resume the Treasury consultations which proved so useful at the outbreak of the War. By this proceeding the path of the Finance Bill was set free from difficulties which might have hindered its progress.

"Mr. Bonar Law held as an exception that every member and every newspaper had a right to attack any member of the government who might be doing his work inefficiently. And nobody questioned that."

"I commend these words to the attention of the House.

British Government Consulted Opposition

"You will see that in Great Britain the Opposition were consulted by the Government as to their financial proposals. This is a matter of record and of history. I might go further than this newspaper goes and say that at all stages of the War, from the first to the present day, the Opposition have been kept in constant consultation by the powers that be; they were consulted as to military operations, and at every step were asked to give their advice.

In Canada the Government did not consult the Opposition

"It was not so in this country. We were not consulted. If we had been honoured in the same way—not that I claim anything in that respect, but representing here a great party comprising almost half of the population, having views of their own on many of the financial problems which now confront us, claiming to be as patriotic as the other side, and claiming to have done their duty as amply as was in their power—I say that, if

we had been consulted, we should have been happy to give our views as to the policy to be pursued. (Applause.) I do not say that our views would have been accepted; but certainly there would have been an effort on my part at all events to give way on some of my own views, and I might have felt it right to ask the other side to give way on some of their views also, so that we might have been unanimous in policy as we have been unanimous in the objects which policy is to serve. But we were not consulted. I do not complain of this; I have no right to complain. But my hon. friend the Finance Minister has no right to complain either if to-day we have to take issue with him, and take issue sharply, upon the resolutions which he has laid before the House. (Prolonged cheers.)

The Financial Condition of Canada is Serious

"In his opening speech in presenting these resolutions to the House, my hon. friend laid the financial situation of the country before us, and everybody admits that that situation is a serious one. He told us that for the year which is to close on the 31st of this month he expects a revenue of \$130,000,000 and an expenditure of \$140,000,000 leaving a deficit of \$10,000,000 upon consolidated fund account. Besides this, there is \$50,000,000 of expenditure on capital account and \$50,000,000 of war expenditure, making a discrepancy, a chasm, between revenue and expenditure of \$110,000,000.

More Serious Next Year

"The situation for next year is still more serious. The hon. gentleman tells us that for next year he does not expect a revenue of \$130,000,000, but of \$120,000,000 only, while he expects a total expenditure of \$200,000,000, leaving a deficit of \$80,000,000. This is exclusive of war expenditure, and when that is added there will be a deficit of \$180,000,000 between revenue and expenditure for the year. This is a serious situation, a situation the gravity of which we cannot dispute. The figures would be staggering but for the enormous resources of Canada. They do not stagger me. But I do not hesitate to say that the situation is such that there is danger that Canada will be seriously hampered unless that situation is very carefully handled. (Applause.)

Financing the War Expenditure

"Now, my hon. friend has a policy to meet the situation; and what is it? As to the war expenditure, he has been very lucky; he has had the good fortune to have opened for him the Imperial Treasury. He appealed to the Chancellor of the Exchequer, and the Chancellor of the Exchequer has told him that

he will provide all the money required for the War. So far as war expenditure is concerned, therefore, the hon. gentleman is free from anxiety; he has only to provide for the other expenditures.

Financing Ordinary Expenditures

“But the domestic situation is almost as serious as the other. And as to that domestic situation, the only policy the hon. gentleman has to offer is additional borrowing and additional taxation, a double method which, he will admit, is neither novel nor ingenious. There was another method called to his attention by my hon. friend from Halifax (Mr. A. K. Maclean) when he opened the debate on this side, a method which, I am sure, must have suggested itself to him more than once, a method which, if he had adopted it, would have saved him a tremendous amount of worry and anxiety. This method, however, some evil genius prevented him from accepting—the method of economy and retrenchment. The hon. gentleman, perhaps, has not yet perceived, though I almost think he must have perceived it, that economy and retrenchment are words not to be found in the vocabulary of the party with which he has cast his fortune. (Cheers.)

Ample Warning of Impending Conditions

“The hon. gentleman had ample warning of the situation which was coming upon him. He has a very serious task before him, and I sympathize deeply with him in his efforts to meet it. But while, as I repeat, he has had due warning of what was coming, I fail to see any precaution he has taken to meet the difficulty. The prudent mariner when he sees the clouds gathering upon the horizon, at once prepares his ship to meet the danger. He slackens speed, lowers his fires, and keeps his power well in hand. It would have been well had my hon. friend considered that example and prepared accordingly. But he did nothing of the kind. He did not slacken speed, nor did he lower his fires. On the contrary, he threw more coal into the furnace until the supply was exhausted; and when the storm struck his craft he was left pounding helplessly, and helplessly drifting. Is this an exaggerated statement? Is this an unfair presentation of the case?

Increased Spending Instead of Retrenchment

“Let me ask, what has been the attitude of my hon. friend since he took office? He took office in October, 1911. In that year we spent on consolidated revenue account something like \$98,000,000. He will tell me—and I agree at once—that for this expenditure he is not alone responsible, that he simply spent

upon the basis of the Estimates which had been prepared by his predecessor, Mr. Fielding. Then, take the year following: Instead of \$98,000,000 he spent \$112,000,000, an increase of \$14,000,000. In the year after that he increased the expenditure to \$127,000,000, an increase over his first year of \$29,000,000. And for the present year, he tells us, he expects to spend \$140,000,000, or \$42,000,000 over the expenditure of 1912.

\$85,000,000 Increased Ordinary Expenditure in Three Years' Conservative Rule

“Thus in three years he spent in excess of what would have been spent in three such years as that in which he took office, the sum of \$85,000,000. How happy he would be if he had been more careful and if he had this \$85,000,000 to-day in the treasury to face the situation in which he now finds himself. But he has not. Has my hon. friend been made wiser by his experience in the matter of expenditure?

More Taxes and More Borrowing

“Coming to Parliament with announcements of more taxes and more borrowings, can he claim that in his contemplated expenditure for the coming fiscal year he is as economical as he ought to be? Can he say with justification that he could not have applied the pruning knife to the Estimates, instead of resorting to increased taxation? In 1912 my hon. friend spent \$98,000,000 on consolidated account; this year he proposes to spend \$105,000,000, or \$7,500,000 more than he spent in 1912, and he proposes to spend on capital account something like \$44,000,000. Would it not have been possible for my hon. friend to have cut down those large figures? In view of the stress under which we are labouring at the present time, in view of the necessity of providing money for war purposes, in the face of a huge deficit, does my hon. friend believe that he is justified in making these large demands upon the country? Would it not have been better for him to have gone back to the expenditure of 1912? (Prolonged applause.)

Expenditures on Public Works

“It has been stated by almost every hon. gentleman on the other side of the House who has taken part in this debate that we must have large expenditures on public works. I have no objection to expenditures on public works; I quite approve of expenditures on such revenue-producing works as are needed for the development of the country. But are these the kind of public works my hon. friend has in contemplation? It is true that some of them belong to this class. I approve of expenditures upon canals, upon railways, upon works which will give employment to many persons who are now unemployed. But I ask the

attention of hon. gentlemen on both sides of the House to the fact that there is in the Estimates, to be provided for out of consolidated revenue fund, a contemplated expenditure upon public works of \$22,000,000. This amount, which is made up of more than 600 different items, is to be expended upon small works, such as public buildings, post offices, postal stations, armouries, barracks, drill halls, and things of that kind in various parts of the Dominion. (Applause.)

No Unemployed in Rural Parts

“Unemployment does not exist in the rural parts of the country, and the expenditure of this \$22,000,000 will give no relief to present conditions of unemployment. Would it not have been possible for my hon. friend to have applied his pruning knife and to have cut off a good deal of this expenditure? If I were in the position which I occupied at one time, if I had upon my own shoulders the responsibility of determining these matters, I would have decided that under the existing circumstances, no such expenditures as these should be made during the present year. I admit that some of these works may be useful, but the greater number of them are purely ornamental and all can be postponed. If we had such abundant revenues as we had some years ago, these expenditures might be indulged in, but in these times of stress I think that it would have been better policy to have said: ‘We will cut off all but what is indispensable so that we shall not have to resort to taxation which in view of the prevailing conditions, must be doubly oppressive.’ (Applause.)

Should Economize and Retrench.

Financial Situation Serious

“Whether or not the War is considered, everybody agrees that the financial situation of the country at the present time is serious. Hundreds and thousands of men in all the large cities of Canada are begging for work and cannot get it; distress prevails in all those communities. Is this a time, I ask, to make these large expenditures? I submit, with all deference to the judgment of the free people, that economy and retrenchment, not more taxation and more expenditure, is the proper policy under present conditions. But my hon. friend the Minister of Finance takes another course. Ignoring retrenchment and economy, he goes on spending money as in the days of plenty. Instead of retrenchment, he proposes new taxation; that is the chief feature of the resolution which he lays before us.

New Proposed Taxes are Not for War

“In regard to my hon. friend’s resolution I have this to say to him: in my estimation, although labelled war expenditures and war taxation, these taxes and expenditures are not war

measures at all; the object of this resolution is simply to benefit the privileged and protected classes. (Prolonged cheers.)

What are These New Taxes

“The resolution which my hon. friend has brought down may be divided under three heads: first, special taxes; second, a general increase in the customs tariff; third, an increase on British goods. Let me consider in consecutive order these three phases of his proposals.

The Special Taxes

“First, the special taxes. My hon. friend has been extremely moderate in his tax of one per cent. upon banks, loan companies, trust companies and some insurance companies—he has not taxed all insurance companies, I do not know why; perhaps we shall find out later. These powerful corporations will have reason to believe that they have a friend at court—I should say a friend not at court, but in the very seat of power. The pin prick with which he merely scratches their epidermis will cause them no hurt at all; it will simply create in them a feeling of pleasant surprise that they have been let off so easily. (Cheers and applause.)

Increase in Postage

“The increase in postage, in one case of 50 per cent., in the other of 100 per cent., is in my humble judgment, a very doubtful experiment; I doubt if my hon. friend will get much revenue from that source. In 1896, the Finance Minister of that day (Sir Geo. Foster), in his Budget speech, made this statement:

There is now a deficit of nearly \$800,000 between the total receipts and the total expenditure of our post office service, and this, I fear, makes the time somewhat distant when what otherwise might be fairly asked for can be granted: that is, a reduction of postage rates in this country.

“That is the view which was taken at that time by the Minister of Finance—a man of ability, as everybody knows—but he had not the courage which was manifested by some other men who came after. Four or five years afterwards the Postmaster General was my colleague, Sir William Mulock. He took the position that by reducing the rates of postage he would increase the revenue to such an extent as to wipe out the deficit which existed in the Post Office Department.

“After a slight decrease in the first year the revenues immediately became buoyant and have been increasing ever since; so that to-day the surplus is larger than was the deficit in 1896. Does my hon. friend expect that, by increasing the tariff as he proposes, he is going to benefit the treasury to any extent? It is doubtful, I repeat, and time, and time alone, will tell. (Applause.)

Tax on Railway Tickets Unfair to the Poor Man

"As to the other items included in the special taxes, I have nothing to add to what has been said by my colleagues who have already spoken. But there is one item to which I call the special attention of the House, and to which I take absolute objection; that is, the taxation upon railway travelling. In my judgment, the taxation in that respect is absolutely unfair to the poorer people, and wholly to the benefit and advantage of the rich. My hon. friend has placed upon railway travelling what he calls a horizontal tax. He provides that every purchaser of a ticket costing over one dollar and not more than five dollars shall pay an additional five cents, and on a ticket costing over five dollars—for each five dollars and, in addition, for any fractional part of five dollars, he shall pay five cents. Further, he provides that every purchaser of a berth in a sleeping car or a seat in a parlour car shall, in addition to the regular charge for the berth or seat, pay ten cents in respect of each berth bought, and five cents in respect of each seat bought.

Taxation Wrong

"I say that the basis of this taxation is absolutely wrong. There are three classes of railway fares in this country: second-class, first-class, and parlour car. The taxation upon railway travelling should have been graduated so that the burden would fall the lowest upon the second-class traveller, and the highest on the user of the parlour car; so that this tax would weigh less heavily upon the poor, and would weigh more heavily upon those who can best afford it. Let us suppose this tax has come into force. Here are two men going to the railway station to buy tickets say to Montreal. One of the men belongs to the working class. He may be out of employment, a man who has lost his job in Ottawa and is trying to better his fortunes by going elsewhere. He has carefully calculated the price of a second-class ticket. He has his thumb upon it, when he is told that his ticket will not carry him over the railway unless he pays an additional five cents. He fumbles in his pocket. He may or may not find the five cents. If he does not, he has to give up his trip. If he finds five cents, he has to give up some luxury, nay, some necessity of life. The other man belongs to the wealthy class, and we have many of the wealthy class in this country, thank God. This man may be a young swell, the scion of wealthy parents, who never yet earned an honest dollar in his life, and who thinks no more of the price of the ticket, than of the stump of his last cigar. Or he may be an old gentleman who has retired from business after having made his pile. To him the railway ticket is not even a consideration. Or he may be a professional man deriving a large income from his profession,

so absorbed in it that he has not even a thought to give to any such consideration as weighs upon the mind of the first traveller. He may be one of this class or one of many more. Whoever he may be, he thinks so little of the payment of his first-class ticket that when he has it he does not even enter the car for which he has paid the price. He forthwith buys another ticket which gives him a seat in the parlour car, one of those palaces on wheels upon which modern art has lavished all the luxury of the age. He goes into the car and falls into a seat covered with velvet. If the seat is not soft enough for his limbs, he is propped up with pillows and cushions by coloured attendants. (Cheers.) The Queen of Sheba dazzling the Orient with the splendour and gorgeousness of her retinue and equipage was not surrounded with such luxury as this modern epicure. (Applause.)

Tariff Favors the Wealthy

“And for that luxury a benevolent Government taxes him the sum of only five cents. I ask my hon. friend and hon. gentlemen opposite whether that policy is right; whether they do not agree with me that this tariff was made, not for the poorer classes, but for the benefit of the wealthy classes. If it is true that the poor widow who out of her want put two mites in the treasury of the temple gave more in the sight of God than the rich man who gave much of his abundance, it is just as true that in the sight of that just God the poor man is wronged who out of his want is taxed just as much as the rich man out of all his wealth. I say to my hon. friend that his whole conception of the basis of this taxation is wrong, and I hope that on reflection he will agree with me. When you have poverty as you have it at this moment, when you have want as you have it at this moment, it is not fair that the same degree of taxation should be placed upon the poorer classes as upon the wealthy classes. My hon. friend does not seem to have given any heed to this consideration, and it is my duty to call it to the attention of the House, and to ask my hon. friend to revise this resolution when the proper time comes. (Cheers.)

Is it a War Tariff?

“I now come to the other resolution dealing with the increase of the Custom tariff. My hon. friend has told us that his primary object was to raise revenue. Does he call this a war tariff? Does he pretend that when he made that increase he had in view the revenue of the country—that his primary object was to raise revenue? If my hon. friend had had for his primary consideration the raising of revenue, he would have made not a horizontal but an undulating tariff, so as to weigh less or more according to circumstances. If my hon. friend had had in view

simply the raising of revenue, and not, as I said a moment ago, the idea of benefiting the privileged and wealthy and protected classes, he would have selected some articles on which he could have raised a maximum of revenue with a minimum of inconvenience and loss. But he has not done that. He is raising his revenue in such a way that he must and will have a minimum of revenue with a maximum of inconvenience and loss to the community.

Tax on Articles We Do Not Import

"My hon. friend says that we have to provide for the war, and he gives this tariff as a painful necessity of that war. He says that the ordinary revenues of the country will not suffice, and that he must look elsewhere. If that is the object he had in view, I ask him why he put his tariff upon articles which we do not import? What revenue does he expect from articles which we do not import at all? He knows very well that that will give him nothing at all. What is his object, then? Sir, we are living in hard times. Unemployment is only too prevalent; at this moment there are in every community men to whom the providing of the daily bread is an arduous problem. That is the consideration which my hon. friend should have had first of all. What revenue does he expect from the articles which go upon the tables of all classes, especially upon the table of the poor? These articles are not imported into this country, and therefore the tariff on them will not produce revenue. (Applause.)

Speculators Profit, Poor People Pay.

"I ask my hon. friend what revenue he expects from the duty on meats, or cereals, or things of that kind. He knows very well that the revenue from these sources will not fill the hollow of his hand. But it is possible for speculators to speculate upon the prices, in order to make wealth for themselves at the expense of poor people. That is what is going on, and my hon. friend has never seen it. He has made his tariff universal. It will profit somebody, but it will not be the treasury of the country that will profit by it. Still, to this there are some exceptions, and these exceptions only prove the rule. My hon. friend has exempted wheat and flour. I do not blame him for it; on the contrary, I quite approve. He did not give us the reason why he did it. He was wise in this; better no explanation at all than a poor excuse. But the reason is very obvious. My hon. friend would not dare to take upon himself at such a time as we are now confronted with to put additional taxes upon the bread of the people. He shrank from it, and we approve of his doing so, but I ask him, if he shrank from placing a duty on wheat and flour, would not a parity of reasoning have forced him also to exempt all other classes of food? He did not think it.

No Increase in Excise Duty on Liquor

“There is another item in the tariff as to which, for my part, I would like to have some explanation. My hon. friend has made a general increase which places an increased customs duty upon spirituous liquors of all kinds. I would have expected that he would have done what has always been done under such circumstances, imposed a corresponding excise duty. He did not. In the month of August, when he increased the customs duty upon spirituous liquors, he also put a corresponding excise duty on liquor. This time he did not, and what is the reason? If there is an article which ought to be taxed, which has always been taxed under all systems of taxation, it is wines and spirituous liquors. But he did not see fit to impose an excise duty. I am told and I understand that at present there is a financial advantage to the distillers of the country in that item.

Canadian Distillers get 25 Cents a Gallon Protection

“They have to their advantage $7\frac{1}{2}$ per cent. upon what they produce, which I understand means 25 cents per gallon upon the total production of the country. I make this statement with some diffidence, because I have not had time to look carefully into it myself, but I have it on good authority that the duty, ad valorem, will produce at least 25 cents per gallon, and, if there is no corresponding excise duty, an immense advantage accrues to the distiller, because the production exceeds 9,000,000 gallons, and that would mean something like \$2,000,000 more of profit. That is the situation that we have before us. I charge against my hon. friend that upon this point the principle on which he has acted is altogether wrong, and that the whole thing is unacceptable to the intelligence of the people. (Prolonged cheers.)

Interference with the British Preference is a Blow to British Trade

“But that is not all. This tariff, says my hon. friend, is a war tariff intended to help England in the most stupendous struggle in which a nation ever was engaged; yet, would you believe it, the last feature of this tariff is to put an additional duty upon British goods and give a blow to British trade. Only a few weeks ago my hon. friend approached the British Government to help him in his difficulty; only a few weeks ago he applied to the British treasury for a loan to help him carry on the affairs of this country and to discharge the obligations with which he is confronted, and, having been relieved of his obligations, my hon. friend returns a blow which, I am sure, never was expected by the British Government when he applied to them for the loan which he obtained. (Applause.) It was only a few weeks or months ago that Mr. Lloyd George, speaking of the situation in which

England was placed, stated that in the last resort the battle would be won not by the armies in the field but by silver bullets. And everything that has taken place since goes to show that the judgment of Mr. Lloyd George at that time was well founded.

Germany's Greatest Asset is to Ruin the Trade of Great Britain

“The powerful armies which have been fighting with one another for the last six months with varying success and with no marked result on one side or the other, may continue to do so with little progress. Already it is apparent that this war is to be a war of attrition, that the power will win—shall win—whose resources will enable it to withstand the struggle the longest. Germany understands that to-day. Germany, having failed to crush France, having failed to crush Russia, understands that if she wins at all it can only be in one way, and that is by ruining the trade of Great Britain. If she can ruin the trade of Great Britain she can hope for success, but, unless she is able to dislocate the trade of Great Britain, her hope of success is gone. Therefore Germany has adopted new tactics, and one of her tactics is to destroy the trade of Great Britain. She has surrounded the British Isles with a cordon of submarines with instructions to pounce upon every ship that comes in or goes out. To-day we learn that three ships have been sunk in that way. On top of all this, all the trade that may escape the submarines and reach its destination in Canada will fall under the taxing machine of the Canadian Government. Is this what we had reason to expect? Is this the policy which my hon. friends ought to have adopted under such circumstances as those with which we are now confronted? (Applause and cheers.)

The Preferential Tariff

“When the policy of decreasing the duties on British goods was adopted in 1897, it was adopted as a bond of union as well as an economic measure, and everybody will agree that it has been reasonably successful. It has increased our trade with Great Britain in such a way as we never expected it would; it has more than trebled our imports; it has more than quadrupled our exports; and under it Canada has been prosperous as she never was before at any time in her history. (Prolonged cheers.)

Preference Never Popular with Tories

“I am well aware that this policy never was popular with a certain large section of the Conservative party. They never dared attack it openly; they waited for their opportunity, and England's danger they made their opportunity. If we were

not in war times, if we were living now in times of peace, I would remind these gentlemen opposite that that policy contributed in no small degree to the era of prosperity which it was the good fortune of the Liberal party, under Providence, to bring to this country. I would remind them that four years ago, when we wanted, not to let well enough alone, but to make well enough better than it was, when we wanted to improve our trade relations with our neighbours in the United States, one of the arguments of our opponents was that freer trade with the United States meant the prevention of freer trade with Great Britain. I would remind them that there are only two countries with which we trade to any great extent, Great Britain and the United States, and I would call the attention of the House to the strange conduct of the victorious party who four years ago would not let us sell to the United States and who this year will not let us buy from Great Britain.

"At Best a German Conception."

"But these are war times, and it is not the occasion to discuss economic problems. Great Britain is at war, Canada is at war, and when Great Britain is at war and when Canada is at war, to attempt to curtail the trade between Canada and Great Britain is not a Canadian idea; it is at best a German conception. When Parliament met on the 4th of February last we were prepared to go far with our friends on the other side of the House in these strenuous times; we were prepared to give up a good many of our own ideas in order to meet them; we were prepared to make sacrifices in order to have unanimity of opinion, but we were not prepared to go that far, and that far we shall not go. To-day, therefore, we have to part company with them, and for these reasons I move, seconded by Dr. Pugsley:

"This House is ready to provide for the exigencies of the present situation and to vote all necessary ways and means to that end, but it regrets that in the measure under consideration duties are imposed which must be oppressive on the people whilst yielding little or no revenue, and that the said measure is particularly objectionable in the fact that instead of favouring, it is placing extra barriers against Great Britain's trade with Canada, at a moment when the Mother Country is under a war strain unparalleled in history."

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